

**MISSISSIPPI PREPAID AFFORDABLE  
COLLEGE TUITION PLAN  
ACTUARIAL VALUATION REPORT  
AS OF JUNE 30, 2014**

September 25, 2014

Board of Trustees  
Mississippi Prepaid Affordable College Tuition Plan  
501 North West Street, Suite 1101  
Jackson, MS 39201

Attention: Ms. Lynn Fitch, State Treasurer

**Re: MPACT Actuarial Valuation as of June 30, 2014**

Dear Trustees:

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial valuation of the Mississippi Prepaid Affordable College Tuition Plan ("MPACT") as of June 30, 2014. The purpose of this actuarial valuation is to evaluate the financial status of the program as of June 30, 2014.

This report presents the principal results of the actuarial valuation of MPACT including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2014, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

This report was prepared at the request of the MPACT Board and is intended for use by the MPACT Board and those designated or approved by the MPACT Board. This report may be provided to parties other than the MPACT Board only in its entirety and only with the permission of the MPACT Board. This report should not be relied on for any purpose other than the purpose described above.

The valuation results set forth in this report are based upon data and information, furnished by MPACT, concerning Plan benefits, financial transactions, and beneficiaries of MPACT. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by MPACT. Further, the data and information provided is through June 30, 2014, and does not reflect subsequent market changes.

There are currently no Actuarial Standards of Practice that specifically refer to prepaid tuition plans. We have followed the guidance from the Actuarial Standards of Practice on pensions due to its similar nature.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were adopted by and are the responsibility of the Plan and the Plan's Board. We have not performed a detailed experience study but have performed some analyses on the assumptions as described in our Phase II Actuarial Audit Report dated April 19, 2013. Based on our limited analyses, we believe these assumptions are within a reasonable range and are in compliance with actuarial standards regarding pension calculations. This year we have received additional experience information related to utilization of credits. In addition, we have observed over the past 3 years a large difference between the expected payments for the past year (based on the prior valuation) and the actual payments for members who have already matriculated and utilized a portion of their accounts. As such we have refined our assumptions related to these two areas. Please see the comments on page A-5 for additional details. By accepting and receiving this report, the Board adopts these assumption changes.

The plan has now been re-opened. However, we understand that assets and liabilities from the Legacy Plan (this closed plan) will be accounted for separately from the Horizon Plan (the new open plan), but pooled together for investment purposes. Since the two plans will be pooled together for investment purposes, we believe that it is reasonable to use the same investment return assumption for both plans. This, in effect, treats the Legacy Plan as an open, on-going plan for investment purposes. If the plans cease to be pooled for investment purposes in the future, the assumed rate of investment return for the Legacy Plan may need to be lowered, resulting in an increase in liabilities and unfunded liabilities.

Since the Horizon Plan was opened after the valuation date, there are no assets or liabilities included in this valuation for the Horizon Plan.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in Plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions.

We believe that the actuarial methods used in this report are reasonable and appropriate for the purpose for which they have been used. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

This report is not a recommendation to anyone to participate in MPACT. GRS makes no representations or warranties to any person participating in or considering participation in the Program.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Mississippi Prepaid Affordable College Tuition Plan as of June 30, 2014.

The term “sound” or “actuarially sound” is not explicitly defined in the actuarial standards. To the extent it is used in this report, it refers to the situation where either:

- (1) Assets meet or exceed liabilities on the valuation date; or
- (2) Assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Program’s funding policy.

David T. Kausch is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The signing actuaries are independent of the plan sponsor.

Respectfully submitted,



Kenneth G. Alberts



David T. Kausch, FSA, EA, FCA, MAAA

KGA/DTK:bd

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**SECTION A**  
EXECUTIVE SUMMARY

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## SUMMARY OF RESULTS

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### Principal Valuation Results

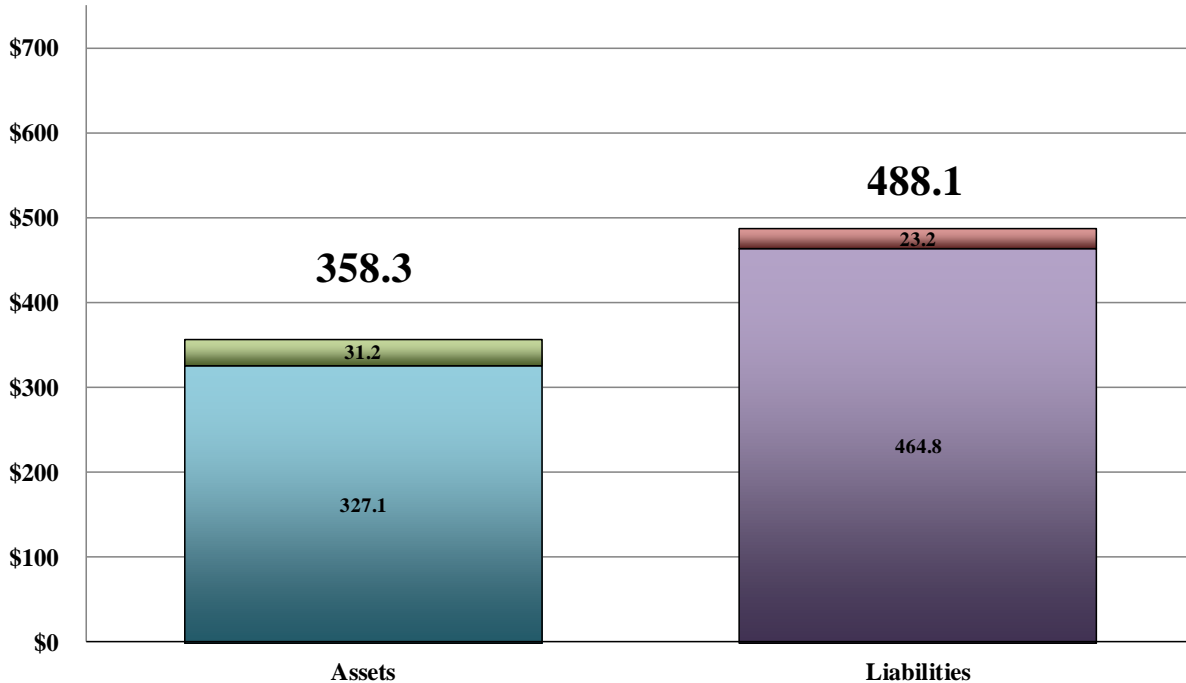
Valuation Date:	After Assumption Changes* June 30, 2014	Before Assumption Changes June 30, 2014
Membership Summary:		
Accounts		
Not yet Matriculating	15,144	15,144
Matriculated or Termination in Progress	<u>5,059</u>	<u>5,059</u>
Total	20,203	20,203
Average Years until Expected Enrollment if not yet in Payment Status	5.6	5.6
Assets		
· Net Market Value of Assets (MVA)	\$ 327,092,089	\$ 327,092,089
· Present Value of Future Contract Payments	<u>\$ 31,174,690</u>	<u>\$ 31,174,690</u>
Total	\$ 358,266,779	\$ 358,266,779
· Approximate Return on MVA for Year Ended June 30, 2014	18.34%	18.34%
Actuarial Liabilities (Present Value of Future Tuition Payments, Refunds, Fees, and Administrative Expenses)	\$ 488,063,349	\$ 407,336,122
Surplus/(Deficit)	\$ (129,796,570)	\$ (49,069,343)
Funded Ratio	73.4%	88.0%





\* The main assumption change was modifying annual credit utilization by members to reflect Plan experience. Further discussion of credit utilization is located on page A-5 of this report.

## SUMMARY OF ASSETS AND LIABILITIES AS OF JUNE 30, 2014

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### Mississippi Prepaid Affordable College Tuition Plan (\$ in Millions)



ASSETS		LIABILITIES	
	PV Future Contributions		PV Administrative Expenses
	Net Market Value of Assets		PV Benefits



## FUNDED STATUS AS OF JUNE 30, 2014

	<b>After Assumption Changes June 30, 2014</b>
Actuarial Present Value of Future Tuition Payments, Fees and Expenses	\$ 488,063,349
Market Value of Assets (Including the Present Value of Installment Contract Receivables)	\$ 358,266,779
Surplus/(Deficit) as of June 30, 2014	\$(129,796,570)

## GAIN/(LOSS) SUMMARY

	<b>Surplus/(Deficit)</b>
(1) Values as of June 30, 2013	\$ (82,863,925)
(2) Expected Contributions/Miscellaneous Income (Not including New Enrollment Group)	\$ -
(3) Tuition Payments and Fees	\$ -
(4) Interest on (1), (2), and (3) at Assumed Rate from Previous Valuation	\$ (5,800,475)
(5) New Enrollments #	\$ -
(6) Projected Values as of June 30, 2014 [(1) + (2) + (3) + (4) + (5)]	\$ (88,664,400)
(7) Change Due to:	
a. Investment Experience	\$ 31,046,711
b. Tuition/Fee Inflation	9,654,895
c. Change in Plan Assumptions	(80,841,171)
d. Other Plan Experience During Fiscal Year 2014	(992,605)
(8) Total [(7)a + (7)b + (7)c + (7)d]	\$ (41,132,170)
(9) Actual Values as of June 30, 2014 [(6) + (8)]	\$ (129,796,570)

*# There were no new enrollments to the Plan in the last fiscal year.*

## DISCUSSION

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### Actuarial Valuation

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Mississippi Prepaid Affordable College Tuition Plan as of June 30, 2014.

The primary purposes of the actuarial valuation are to:

- Determine the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2014, and compare such liabilities with the value of the assets associated with the program as of that same date; and
- Analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

This report summarizes the results under the current assumptions and also presents the impact of variances in the rate of tuition and fee increases as well as the rate of investment return on assets.

In addition, the report provides summaries of the member data, financial data, plan provisions, and actuarial assumptions and methods.

The actuarial standards do not define the term “sound” or “actuarially sound.” For purposes of this report we are defining this term to mean the following:

- (1) Assets meet or exceed liabilities on the valuation date; or
- (2) Assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Plan’s funding policy.

### Financial Status of Plan

As of June 30, 2014, the present value of all future tuition obligations under contracts outstanding (and including estimated future administrative expenses) at that date is \$488.1 million. Plan assets as of June 30, 2014, including the market value of Plan assets and the present value of installment contract receivables, are \$358.3 million.

The difference between the market value of assets of \$358.3 million and Plan obligations of \$488.1 million represents a Plan deficit of \$129.8 million. The comparable plan deficit as of the last actuarial valuation as of June 30, 2013, was \$82.9 million. The Plan is 73.4% funded.

Liabilities of this Plan are backed by the full faith and credit of the State of Mississippi in accordance with Mississippi Code 37-155-125. It is our understanding that this means that the State of Mississippi will pay for the unfunded benefits when they come due in the absence of future gains.

## DISCUSSION (CONTINUED)

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### Gain/(Loss) Analysis

The Plan experienced an overall gain during the year. The primary sources of that gain were:

- Actual investment return greater than assumed;
- Tuition increases less than assumed;
- Data cleanup comprised of an audit and review by staff, as well as stricter adherence to the contracts related to terminations or expirations of benefits.

Based on experience alone, the funded status would have increased to 89% (from 80%).

### Valuation Assumptions

#### Credit Utilization:

In the process of working on the pricing for the Horizon Plan, we were provided additional data related to the utilization of credits, based on experience with Legacy Plan beneficiaries. In the Legacy Plan, beneficiary accounts were credited with 16 credits per semester. In prior valuations (and prior pricings), it was assumed that credits would be utilized at the rate of 16 credits per semester, resulting in a depletion of beneficiary accounts coincident with graduation. Data from the Institute of Higher Learning (IHL) indicates that beneficiaries utilize credits at the average rate of 12.8 credits per semester for University attendance and the average rate of 11.9 credits per semester for Community College attendance. Since the Legacy Plan Contracts allow for a refund of unused credits (or use toward graduate school) at the then current WAT, this utilization results in additional, previously unanticipated liabilities. The increase can be as much as 25% for beneficiaries who have not yet matriculated, as shown below:

Plan Purchased:	4-year University Plan
Credits in account after payment received:	$8 \times 16 = 128$
Average Utilization after 4 years of college:	$8 \times 12.8 = 102.4$

This average utilization essentially allows the MPACT to pay 5 years of tuition for the cost of 4 years.

Reflecting this utilization decreased the funded status to approximately 70%.

#### Immediate Payment:

The previous valuations assumed that anyone who had matriculated would continue to utilize credits at the maximum amount per year. However, there has been a large difference between the expected tuition payments and the actual tuition payment over the last few years. For example, tuition payments for the year ending June 30, 2014 were expected to be approximately \$33 million, as modeled from the June 30, 2013 valuation data. The actual payments were approximately \$23 million. A similar discrepancy existed in the prior valuation. Approximately 5,000 beneficiaries, who had matriculated, had not used any benefits during the past year. We requested additional information from IHL regarding these beneficiaries to determine if they were still enrolled. That data was not available in time for the completion of this report. We have therefore assumed that 80% of these beneficiaries have withdrawn and will request a refund of unused credits on the 10 anniversary of their matriculation. This resulted in an increase in the funded status to approximately 74%. This assumption will be reviewed/refined once data becomes available from IHL.

## **DISCUSSION (CONCLUDED)**

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### **Benefit Provisions**

We understand there were no changes in the Legacy Plan provisions since the last actuarial valuation as of June 30, 2013.

### **Plan Status**

MPACT is now an open plan. However, there are two sub-plans (or tiers): the Legacy Plan and the Horizon Plan. The Legacy Plan covers beneficiaries who joined the plan in 2012 or earlier. The Horizon Plan covers those participants who joined the Plan in 2014 or later. As of this valuation (June 30, 2014), there are no participants or liabilities associated with the Horizon Plan. The Legacy Plan is closed to new beneficiaries. However, for investment purposes, the assets of both tiers will be pooled and invested together, thereby allowing for the use of an assumed rate of return associated with an on-going open plan for both tiers. The funded status of the Legacy Plan, as of June 30, 2014 is 73.4%. The assumptions used to value the liabilities are adopted by the Board based on recommendations from the Actuary. We believe the assumptions currently in use are reasonable and recommend that the Board adopt the two assumptions discussed above. Please see Section G to see how changes in the investment return assumption (sensitivity) affects the funded status.

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**SECTION B**  
PLAN DESCRIPTION

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## **SUMMARY OF PLAN DESCRIPTION EVALUATED JUNE 30, 2014**

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### **Legacy Plan (contract purchased prior to October 1, 2014)**

***Purchasing Contracts*** – Contract holders may purchase contracts during an enrollment period for beneficiaries who are ages eighteen (18) years or younger on date of purchase. These contracts lock in the cost of tuition for the contract holder at the time of purchase. The holder may choose between a variety of school types and credit hours. Contracts available for purchase include the following:

- **University Plans**
  - 5-Year University (160 University Level Credit Hours)
  - 4-Year University (128 University Level Credit Hours)
  - 3-Year University (96 University Level Credit Hours)
  - 2-Year University (64 University Level Credit Hours)
  - 1-Year University (32 University Level Credit Hours)
- **Community College Plan**
  - 2-Year Community College (64 Community College Credit Hours)
  - 1-Year Community College (32 Community College Credit Hours)
- **University and Community College Plan**
  - 1-Year Community College & 4-Year Univ. (32 Community College and 128 Univ. Credit Hours)
  - 2-Year Community College & 3-Year Univ. (64 Community College and 96 Univ. Credit Hours)
  - 1-Year Community College & 3-Year Univ. (32 Community College and 96 Univ. Credit Hours)
  - 2-Year Community College & 2-Year Univ. (64 Community College and 64 Univ. Credit Hours)
  - 1-Year Community College & 1-Year Univ. (32 Community College and 32 Univ. Credit Hours)

***Contract Payments*** – Contract holders may agree to pay-off their contracts in a variety of ways:

- Lump-Sum Payment (Full Contract paid- in-full at time of enrollment to the Program)
- 1-Year Monthly Payments\* (12 monthly payments after purchase of contract)
- 2-Year Monthly Payments\* (24 monthly payments after purchase of contract)
- 3-Year Monthly Payments\* (36 monthly payments after purchase of contract)
- 5-Year Monthly Payments\* (60 monthly payments after purchase of contract)
- 6-Year Monthly Payments\* (72 monthly payments after purchase of contract)
- 9-Year Monthly Payments\* (108 monthly payments after purchase of contract)
- 10-Year Monthly Payments\* (120 monthly payments after purchase of contract)
- 12-Year Monthly Payments\* (144 monthly payments after purchase of contract)
- Extended Monthly Payments\* (Monthly payments after purchase of contract for defined period up to and including the year of high school matriculation)
- 3-Year Annual Payments\* (3 annual payments after purchase of contract)
- 5-Year Annual Payments\* (5 annual payments after purchase of contract)

*\* Members may also elect monthly payment options with an additional Down Payment up to \$10,000 made at the time of enrollment to the Plan.*

## **SUMMARY OF PLAN DESCRIPTION EVALUATED JUNE 30, 2014 (CONCLUDED)**

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***Tuition Payments*** – When the beneficiary matriculates, the portion of tuition covered by the Plan will be dependent on the school of which they attend and the plan they purchase. The Plan will pay the tuition and mandatory fees for all public Universities or Community Colleges in the state of Mississippi. If the beneficiary elects to attend a private or out-of-state University or Community College the Plan will pay out the maximum amount that it would have paid to a Mississippi school under the matching contract that was purchased.

***Refunds*** – If a contract purchaser elects to withdraw from the Plan, the amount refunded will include, but not be limited to, the amount paid in and an additional amount in the nature of interest at a rate that corresponds to the prevailing interest rates for savings accounts provided by banks and savings and loan associations.

### **Horizon Plan (contract purchased on or after October 1, 2014)**

As of the June 30, 2014 valuation date, the Horizon Plan was not yet open for new contracts and thus for purposes of this valuation not included. The Horizon Plan will however be included in future actuarial valuations.

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## **SECTION C**

### VALUATION RESULTS

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## PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2014

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	After Assumption Changes 2014	Before Assumption Changes 2014	2013
1. Number of Members			
a. Not yet Matriculated	15,144	15,144	16,431
b. Matriculated or Termination in Progress	5,059	5,059	4,838
c. Total	20,203	20,203	21,269
 Average Years until Enrollment if Not Yet Matriculating	 5.6	 5.6	 6.0
2. Assets			
a. Market Value of Assets (in Trust)	\$ 327,092,089	\$ 327,092,089	\$ 295,173,844
b. PV Future Member Contributions	31,174,690	31,174,690	39,429,885
c. Total Market Value of Assets (MVA)	\$ 358,266,779	\$ 358,266,779	\$ 334,603,729
3. Actuarial Results			
Liabilities - Tuition and Fees	\$ 464,822,237	\$ 387,939,164	\$ 397,588,242
 Liabilities - Present Value of Future Administrative Expenses	 \$ 23,241,112	 \$ 19,396,958	 \$ 19,879,412
 Liabilities Total	 \$ 488,063,349	 \$ 407,336,122	 \$ 417,467,654
 Surplus/(Deficit)	 \$ (129,796,570)	 \$ (49,069,343)	 \$ (82,863,925)
 Funded Ratio	 73.4%	 88.0%	 80.2%

## PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2014 (CONCLUDED)

	After Assumption Changes 2014	Before Assumption Changes 2014	2013
1. Assets			
a. Market Value of Assets (in Trust)	\$ 327,092,089	\$ 327,092,089	\$ 295,173,844
b. PVFMC* (Short Term) <sup>a</sup>	6,855,851	6,855,851	8,619,690
c. PVFMC* (Long Term) <sup>b</sup>	24,318,839	24,318,839	30,810,195
d. Total Market Value of Assets (MVA)	<u>\$ 358,266,779</u>	<u>\$ 358,266,779</u>	<u>\$ 334,603,729</u>
2. Actuarial Present Value of Tuition, Refunds, Fees and Admin Expenses			
a. Short Term <sup>a</sup>	\$ 28,896,229	\$ 39,102,004	\$ 35,082,159
b. Long Term <sup>b</sup>	459,167,120	368,234,118	382,385,495
c. Total	<u>\$ 488,063,349</u>	<u>\$ 407,336,122</u>	<u>\$ 417,467,654</u>
Surplus/(Deficit)	\$ (129,796,570)	\$ (49,069,343)	\$ (82,863,925)
Funded Ratio	73.4%	88.0%	80.2%

\* Present value of future member contributions.

<sup>a</sup> Present value of amounts in following year.

<sup>b</sup> Present value of amounts after first year.

## GAIN/(LOSS) SUMMARY

	Present Value of Benefits	PV Future Member Contributions	Market Value of Assets @	Surplus/(Deficit)
(1.) Values as of June 30, 2013	\$ 417,467,654	\$ 39,429,885	\$ 295,173,844	\$ (82,863,925)
(2.) Expected Contributions/Miscellaneous Income (Not including New Enrollment Group)	\$ -	\$ (8,916,277)	\$ 8,916,277	\$ -
(3.) Tuition Payments and Fees	\$ (24,333,011)	\$ -	\$ (24,333,011)	\$ -
(4.) Interest on (1), (2), and (3) at Assumed Rate from Previous Valuation	\$ 28,385,484	\$ 2,453,300	\$ 20,131,709	\$ (5,800,475)
(5.) New Enrollments #	\$ -	\$ -	\$ -	\$ -
(6.) Projected Values at June 30, 2014 [(1) + (2) + (3) + (4) + (5)]	\$ 421,520,127	\$ 32,966,908	\$ 299,888,819	\$ (88,664,400)
(7.) Change Due to:				
a. Investment Experience	\$ -	\$ -	\$ 31,046,711	\$ 31,046,711
b. Tuition/Fee Inflation	(9,654,895)	-	-	9,654,895
c. Change in Plan Assumptions	80,841,171	-	-	(80,841,171)
d. Other Plan Experience During Fiscal Year 2014	(4,643,054)	(1,792,218)	(3,843,441)	(992,605)
(8.) Total [(7)a + (7)b + (7)c + (7)d]	\$ 66,543,222	\$ (1,792,218)	\$ 27,203,270	\$ (41,132,170)
(9.) Actual Values as of June 30, 2014 [(6) + (8)]	\$ 488,063,349	\$ 31,174,690	\$ 327,092,089	\$ (129,796,570)

# There were no new enrollments to the Plan in the last fiscal year.

@ Net of 2013 payables (\$5.8 million) and 2014 payables (\$3.2 million). \$(3,927,370) of the Plan Experience is attributed to a \$(3,927,370) adjustment made to the 6/30/2013 Plan assets.

## **SENSITIVITY TESTING RESULTS**

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The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were adopted by the Mississippi Prepaid Affordable College Tuition Plan. In our opinion, the assumptions prescribed to us are reasonable for the purpose of the measurement. However, no one knows with certainty what the future holds with respect to economic and other contingencies. For example, while it is assumed that the assets of the fund will earn 7.00% net of investment expenses each year throughout the life of the contracts, actual returns are expected to vary from year to year. Therefore, we have projected the Plan's results under alternative assumptions for future investment income and tuition increases, as follows:

1. Current valuation assumptions approved by the Plan's Board (7.00% investment return net of investment expenses, 6.5/6.0% long-term tuition increases for Universities/Community Colleges respectively).
- 2-3. Tuition increases are 100 basis points higher/lower in each future year than assumed in this year's valuation.
- 4-5. The investment return is 100 basis points higher/lower in each future year than assumed in this year's valuation.
6. Tuition increases are 100 basis points higher and the investment return is 100 basis points lower in each future year than assumed in this year's valuation.
7. Tuition increases are 100 basis points lower and the investment return is 100 basis points higher in each future year than assumed in this year's valuation.
8. Cash Infusion Projection.

The summary of impact of each of these scenarios on the principal valuation results is presented on the following page. See Section G for detailed projection results of each scenario.

## SENSITIVITY TESTING RESULTS (CONCLUDED)

\$ in Millions

	Current Valuation Assumptions G-1	Assumed Tuition Increases +100 Basis Points G-2	Assumed Tuition Increases -100 Basis Points G-3	Assumed Investment Return +100 Basis Points G-4	Assumed Investment Return -100 Basis Points G-5	Assumed Tuition Increases +100 Basis Points and Investment Return -100 Basis Points G-6	Assumed Tuition Increases -100 Basis Points and Investment Return +100 Basis Points G-7	Cash Infusion Projection G-8
Assumed Investment Return	7.00%	7.00%	7.00%	8.00%	6.00%	6.00%	8.00%	7.00%
Assumed Tuition Increases	6.5%/6.0%	7.5%/7.0%	5.5%/5.0%	6.5%/6.0%	6.5%/6.0%	7.5%/7.0%	5.5%/5.0%	6.5%/6.0%
1 Assets								
a. Market Value of Assets (in Trust)	\$327.1	\$327.1	\$327.1	\$327.1	\$327.1	\$327.1	\$327.1	\$327.1
b. PV Future Member Contributions	31.2	31.2	31.2	30.3	32.1	32.1	30.3	31.2
c. Total Market Value of Assets (MVA)	\$358.3	\$358.3	\$358.3	\$357.4	\$359.2	\$359.2	\$357.4	\$358.3
2 Actuarial Results								
Liabilities - Tuition and Fees	\$464.8	\$496.8	\$435.5	\$433.8	\$499.4	\$534.8	\$407.2	\$327.3 *
Liabilities - PV of Future Admin. Expenses	23.2	24.8	21.8	21.7	25.0	26.7	20.4	23.2
Liabilities Total	\$488.0	\$521.6	\$457.3	\$455.5	\$524.4	\$561.5	\$427.6	\$350.5
Surplus/(Deficit)	\$(129.7)	\$(163.3)	\$(99.0)	\$(98.1)	\$(165.2)	\$(202.3)	\$(70.2)	\$7.8
Funded Ratio	73.4%	68.7%	78.4%	78.5%	68.5%	64.0%	83.6%	102.2%
Increase/(Decrease) in Surplus/(Deficit)	\$0.0	\$(33.6)	\$30.7	\$31.6	\$(35.5)	\$(72.6)	\$59.5	\$137.5
Funded Ratio	0.0%	(4.7)%	5.0%	5.1%	(4.9)%	(9.4)%	10.2%	28.8%

\* Net of additional annual cash contributions.

Numbers may not match schedules in Section G due to rounding.

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**SECTION D**  
PLAN ASSETS

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## STATEMENT OF PLAN ASSETS (AT MARKET VALUE)

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### Mississippi Prepaid Affordable College Tuition Plan

#### Statement of Plan Net Assets

Year ended June 30, 2014

1. Cash and cash equivalents	\$	7,960,600
2. Investments		
a. US Treasury & Agency Obligations	\$	57,188,316
b. Corporate Bonds		20,705,902
c. Domestic Equity		124,921,551
d. International Equity		29,282,923
e. Other Long Term Investments		25,968,168
f. Allowance for Change in Market Value		61,080,187
Total investments	\$	<u>319,147,047</u>
3. Receivables		
a. Investments	\$	2,552,038
b. Interest and dividends receivable		602,319
Total receivables	\$	<u>3,154,357</u>
4. Payables as of June 30, 2014	\$	<u>3,169,915</u>
<b>5. Net Assets 1 + 2 + 3 - 4</b>	<b>\$</b>	<b>327,092,089</b>
6. Present Value of Tuition Contracts Payable	\$	<u>31,174,690</u>
7. Total Assets Available to Finance Liabilities 5 + 6	\$	<u><u>358,266,779</u></u>

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## RECONCILIATION OF PLAN ASSETS

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### Mississippi Prepaid Affordable College Tuition Plan

#### Statement of Changes in Plan Net Assets

Twelve-Month Period ended June 30, 2014

1a. Market Value of Assets reported for 6/30/2013 Valuation (net of payables)	\$ 295,173,844
1b. Adjustment to 6/30/2013 Balance	\$ (3,927,370)
1c. Adjusted Market Value of Assets reported for 6/30/2013 Valuation (net of payables) = a + b	\$ 291,246,474
2. Payables as of 6/30/2013	\$ 5,818,551
3. Market Value of assets reported as of 6/30/2013 = 1c. + 2.	\$ 297,065,025
4. Changes during year	
a. Additions	
(1) Contract Payments (net of refunds)	\$ 5,561,609
(2) Administrative Fees	792,961
Total Additions = (1) + (2)	<u>\$ 6,354,570</u>
b. Deductions	
(1) Tuition Payments	\$ 22,874,333
(2) Administrative Expenses	1,458,678
Total Deductions = (1) + (2)	<u>\$ 24,333,011</u>
c. Investment Income	\$ 51,175,420
Net increases (decreases) during year = a - b + c	<u>\$ 33,196,979</u>
5. Payables as of 6/30/2014	\$ 3,169,915
Net value of assets at end of year = 3 + 4 - 5	<u><u>\$ 327,092,089</u></u>



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## **SECTION E**

### PARTICIPANT DATA

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## MEMBER MATRICULATION SUMMARY AS OF JUNE 30, 2014

Projected Matriculation Year	Type of Contract												Total
	2 + 2	1 + 3	4-Yr. Univ	3-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2-Yr. Jr. Coll	1-Yr. Jr. Col	5-Yr. Univ	1 + 4	2 + 3	Other*	
2003	-	-	-	-	-	-	1	-	-	-	-	-	1 0.0%
2004	14	4	76	1	3	2	6	-	-	-	2	-	108 0.5%
2005	28	5	109	-	6	5	14	1	3	2	2	-	175 0.9%
2006	41	4	139	2	7	9	21	-	3	-	4	-	230 1.1%
2007	52	4	199	4	10	7	20	2	9	3	6	-	316 1.6%
2008	79	6	254	2	10	7	20	2	13	-	5	-	398 2.0%
2009	93	17	304	6	19	16	27	1	20	1	7	-	511 2.5%
2010	146	19	472	6	30	13	40	1	38	4	12	-	781 3.9%
2011	185	25	682	8	30	26	36	5	48	-	11	-	1,056 5.2%
2012	251	27	644	7	65	30	41	4	47	1	11	-	1,128 5.6%
2013	278	33	663	9	79	26	72	8	51	1	12	-	1,232 6.1%
2014	244	30	678	10	64	42	87	8	57	1	21	-	1,242 6.1%
2015	286	41	753	8	63	40	78	7	49	1	14	-	1,340 6.6%
2016	256	22	684	7	60	37	70	12	50	3	24	-	1,225 6.1%
2017	250	27	591	9	74	26	69	7	82	4	32	-	1,171 5.8%
2018	236	23	657	8	54	42	72	7	102	5	24	-	1,230 6.1%
2019	234	25	650	6	67	25	74	6	103	3	28	-	1,221 6.0%
2020	229	10	519	4	51	28	49	10	69	5	33	2	1,009 5.0%
2021	222	9	439	5	63	33	56	5	83	2	22	-	939 4.6%
2022	166	9	492	3	60	20	42	4	70	1	22	-	889 4.4%
2023	141	9	427	2	41	26	60	6	62	-	16	-	790 3.9%
2024	147	6	408	6	35	15	35	11	71	1	23	-	758 3.8%
2025	116	8	309	6	32	24	28	5	52	-	22	-	602 3.0%
2026	105	6	290	5	35	17	36	7	65	1	12	-	579 2.9%
2027	85	7	306	1	38	13	30	4	39	1	5	-	529 2.6%
2028	73	2	224	2	34	7	27	-	35	2	8	-	414 2.0%
2029	59	3	186	3	11	10	11	3	37	-	6	-	329 1.6%
<b>Total</b>	<b>4,016</b>	<b>381</b>	<b>11,155</b>	<b>130</b>	<b>1,041</b>	<b>546</b>	<b>1,122</b>	<b>126</b>	<b>1,258</b>	<b>42</b>	<b>384</b>	<b>2</b>	<b>20,203</b>
	19.9%	1.9%	55.2%	0.6%	5.2%	2.7%	5.6%	0.6%	6.2%	0.2%	1.9%	0.0%	100.00%

\*A contract was split equally between parents as a result of a court order.

## MEMBER PAYMENT OPTION SUMMARY AS OF JUNE 30, 2014

Contract Payment Type	Type of Contract												Total	
	2 + 2	1 + 3	4-Yr. Univ	3-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2-Yr. Jr. Coll	1-Yr. Jr. Col	5-Yr. Univ	1 + 4	2 + 3	Other*		
Lump Sum	1,183	99	4,744	55	420	310	372	49	535	10	128	-	7,905	39.1%
1-Year Monthly	5	5	10	1	1	1	1	-	1	-	-	-	25	0.1%
2-Year Monthly	4	1	17	-	4	1	1	2	2	-	-	-	32	0.2%
3-Year Monthly	226	26	549	3	63	37	122	15	75	3	24	-	1,143	5.7%
5-Year Monthly	715	66	1,483	11	104	57	219	18	124	8	47	-	2,852	14.1%
6-Year Monthly	75	6	207	2	30	5	35	2	16	1	3	-	382	1.9%
9-Year Monthly	90	9	137	3	16	6	16	-	21	2	8	-	308	1.5%
10-Year Monthly	587	50	1,085	12	96	32	83	9	145	9	63	-	2,171	10.7%
12-Year Monthly	144	13	326	5	40	13	31	6	77	-	19	-	674	3.3%
Monthly Extended	800	90	1,786	34	217	69	219	22	153	4	70	2	3,466	17.2%
3-Year Annually	88	10	392	1	31	10	18	-	50	2	7	-	609	3.0%
5-Year Annually	99	6	419	3	19	5	5	3	59	3	15	-	636	3.1%
<b>Total</b>	<b>4,016</b>	<b>381</b>	<b>11,155</b>	<b>130</b>	<b>1,041</b>	<b>546</b>	<b>1,122</b>	<b>126</b>	<b>1,258</b>	<b>42</b>	<b>384</b>	<b>2</b>	<b>20,203</b>	
	19.9%	1.9%	55.2%	0.6%	5.2%	2.7%	5.6%	0.6%	6.2%	0.2%	1.9%	0.0%	100.00%	

\*A contract was split equally between parents as a result of a court order.

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## **SECTION F**

### **METHODS & ASSUMPTIONS**

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## VALUATION METHODS AND ASSUMPTIONS

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### Assumed Rate of Return:

	Gross Gross	Net Gross*	Net Net
Current Assumptions	7.5%	7.0%	6.5% @

\* Discount rate actually used in valuation calculation.

@ Approximate return net of investment and administrative expenses. Not directly used in valuation.

### Assumed Rate of Tuition Increases:

4-Year Universities – 6.5%

2-Year Community Colleges – 6.0%

**Utilization of Credits\*:** Members who have matriculated or are expected to matriculate on or after the valuation date are expected to utilize 25.6 credits per year at the University level and 23.8 credits per year at the Community College level until they have exhausted all credits. 75% of remaining members who were expected to matriculate prior to the valuation date but have not, are assumed to matriculate in each of the next 3 years with all remaining matriculating in the fourth year after the valuation date.

\* Liabilities are modeled assuming two payments per year (one in mid-September, one in mid-February) for beneficiaries who have matriculated.

**Refunds:** 80% of members who are past their expected matriculation and have utilized zero credits or have not utilized credits during both the past Fall and Spring semesters are assumed to refund their remaining balances on their 10<sup>th</sup> anniversary of their original expected matriculation. If the 10<sup>th</sup> anniversary has already occurred, these members are assumed to refund on the valuation date.

**Election of Program Changes:** None.

**Election of Change of Beneficiary:** None.

**Liability Adjustments for Administrative Expenses:** A 5% load is added to all expected future tuition increases to adjust for administrative expenses experienced by the Plan.

**Contract Terms:** No changes in contract terms are assumed once initiated.

**Pricing Methodology:** Based on Weighted Average Tuition (WAT) rate increased to assumed year of payment, based on tuition rate increase assumption and discounted to payment date based on net investment return assumption.

### Weighted Average Tuition (WAT) for the year as of June 30, 2014:

4-Year Universities – \$6,815

2-Year Community Colleges – \$2,487

**Bias Load:** Liabilities are increased by 2.0% to account for the 2.6% bias (this is approximately equal to 75% x 2.6%) for future costs for attendance at 4-year colleges.

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## **SECTION G**

### PROJECTION RESULTS

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# Mississippi Prepaid Affordable College Tuition Program (MPACT)

## Projection Based on June 30, 2014 Valuation Results

Input	
Valuation	
Assumed Rate of Investment Return	7.00%
Geometric Average of Actual Rates of Investment Returns	7.00%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of future tuition and fees	\$ 488,063,349
Present Value of Future Contract Payments	\$ 31,174,690
June 30, 2014 Assets	\$ 327,092,089
Unfunded Liability	\$ 129,796,570
Funded Status	73.41%
Year insolvent	2024

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments (BOY)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2014	7.00%	n/a	n/a	327,092,089	27,520,218	1,376,011	6,855,851
2015	7.00%	6.50%	6.00%	326,405,331	32,078,350	1,603,918	6,184,931
2016	7.00%	6.50%	6.00%	319,831,553	36,645,476	1,832,274	5,064,715
2017	7.00%	6.50%	6.00%	306,467,814	41,692,373	2,084,619	4,300,808
2018	7.00%	6.50%	6.00%	285,681,045	47,877,317	2,393,866	3,695,948
2019	7.00%	6.50%	6.00%	255,843,217	50,220,152	2,511,008	3,092,421
2020	7.00%	6.50%	6.00%	220,638,791	50,661,159	2,533,058	2,501,096
2021	7.00%	6.50%	6.00%	181,841,868	51,367,656	2,568,383	1,961,356
2022	7.00%	6.50%	6.00%	138,957,889	53,966,053	2,698,303	1,482,349
2023	7.00%	6.50%	6.00%	89,640,194	55,768,076	2,788,404	1,155,201
2024	7.00%	6.50%	6.00%	34,495,638	49,131,369	2,456,568	853,640
2025	7.00%	6.50%	6.00%	(17,375,365)	47,063,473	2,353,174	678,536
2026	7.00%	6.50%	6.00%	(70,741,419)	45,911,415	2,295,571	484,197
2027	7.00%	6.50%	6.00%	(126,756,703)	44,139,123	2,206,956	319,066
2028	7.00%	6.50%	6.00%	(184,878,576)	41,917,815	2,095,891	179,835
2029	7.00%	6.50%	6.00%	(244,722,318)	38,409,964	1,920,498	58,723
2030	7.00%	6.50%	6.00%	(304,943,642)	31,087,491	1,554,375	15,942
2031	7.00%	6.50%	6.00%	(361,199,435)	23,622,925	1,181,146	1,111
2032	7.00%	6.50%	6.00%	(413,022,564)	15,175,839	758,792	-
2033	7.00%	6.50%	6.00%	(458,984,199)	8,125,024	406,251	-
2034	7.00%	6.50%	6.00%	(500,241,558)	1,630,858	81,543	-
2035	7.00%	6.50%	6.00%	(537,090,735)	323,867	16,193	-

\* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

**Mississippi Prepaid Affordable College Tuition Program (MPACT)**  
**Projection Based on June 30, 2014 Tuition increases +100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	7.00%
Geometric Average of Actual Rates of Investment Returns	7.00%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of future tuition and fees	\$ 521,648,701
Present Value of Future Contract Payments	\$ 31,174,690
June 30, 2014 Assets	\$ 327,092,089
Unfunded Liability	\$ 163,381,922
Funded Status	68.68%
Year insolvent	2024

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments (BOY)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2014	7.00%	n/a	n/a	327,092,089	27,520,218	1,376,011	6,855,851
2015	7.00%	7.50%	7.00%	326,405,331	32,376,481	1,618,824	6,184,931
2016	7.00%	7.50%	7.00%	319,496,604	37,328,212	1,866,411	5,064,715
2017	7.00%	7.50%	7.00%	305,342,365	42,857,477	2,142,874	4,300,808
2018	7.00%	7.50%	7.00%	283,167,820	49,671,817	2,483,591	3,695,948
2019	7.00%	7.50%	7.00%	251,137,944	52,576,669	2,628,833	3,092,421
2020	7.00%	7.50%	7.00%	212,956,603	53,505,820	2,675,291	2,501,096
2021	7.00%	7.50%	7.00%	170,425,950	54,741,067	2,737,053	1,961,356
2022	7.00%	7.50%	7.00%	122,952,829	57,944,684	2,897,234	1,482,349
2023	7.00%	7.50%	7.00%	68,044,789	60,227,806	3,011,390	1,155,201
2024	7.00%	7.50%	7.00%	6,378,049	53,945,707	2,697,285	853,640
2025	7.00%	7.50%	7.00%	(52,870,096)	52,160,489	2,608,024	678,536
2026	7.00%	7.50%	7.00%	(114,447,279)	51,361,499	2,568,075	484,197
2027	7.00%	7.50%	7.00%	(179,645,142)	49,842,486	2,492,124	319,066
2028	7.00%	7.50%	7.00%	(247,876,935)	47,778,619	2,388,931	179,835
2029	7.00%	7.50%	7.00%	(318,715,176)	44,191,390	2,209,569	58,723
2030	7.00%	7.50%	7.00%	(390,611,431)	36,102,345	1,805,117	15,942
2031	7.00%	7.50%	7.00%	(458,498,158)	27,690,939	1,384,547	1,111
2032	7.00%	7.50%	7.00%	(521,702,611)	17,956,105	897,805	-
2033	7.00%	7.50%	7.00%	(578,395,478)	9,703,825	485,191	-
2034	7.00%	7.50%	7.00%	(629,785,409)	1,966,044	98,302	-
2035	7.00%	7.50%	7.00%	(676,079,237)	394,097	19,705	-

\* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.



**Mississippi Prepaid Affordable College Tuition Program (MPACT)**  
**Projection Based on June 30, 2014 Tuition increases -100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	7.00%
Geometric Average of Actual Rates of Investment Returns	7.00%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of future tuition and fees	\$ 457,293,925
Present Value of Future Contract Payments	\$ 31,174,690
June 30, 2014 Assets	\$ 327,092,089
Unfunded Liability	\$ 99,027,146
Funded Status	78.34%
Year insolvent	2025

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments (BOY)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2014	7.00%	n/a	n/a	327,092,089	27,520,218	1,376,011	6,855,851
2015	7.00%	5.50%	5.00%	326,405,331	31,780,220	1,589,011	6,184,931
2016	7.00%	5.50%	5.00%	320,166,502	35,969,124	1,798,456	5,064,715
2017	7.00%	5.50%	5.00%	307,586,092	40,548,951	2,027,448	4,300,808
2018	7.00%	5.50%	5.00%	288,162,236	46,132,674	2,306,634	3,695,948
2019	7.00%	5.50%	5.00%	260,458,198	47,950,524	2,397,526	3,092,421
2020	7.00%	5.50%	5.00%	228,126,748	47,946,996	2,397,350	2,501,096
2021	7.00%	5.50%	5.00%	192,903,344	48,179,086	2,408,954	1,961,356
2022	7.00%	5.50%	5.00%	154,376,025	50,240,573	2,512,029	1,482,349
2023	7.00%	5.50%	5.00%	110,323,177	51,631,136	2,581,557	1,155,201
2024	7.00%	5.50%	5.00%	61,274,283	44,707,228	2,235,361	853,640
2025	7.00%	5.50%	5.00%	16,248,307	42,423,343	2,121,167	678,536
2026	7.00%	5.50%	5.00%	(29,550,905)	40,996,234	2,049,812	484,197
2027	7.00%	5.50%	5.00%	(77,160,647)	39,043,586	1,952,179	319,066
2028	7.00%	5.50%	5.00%	(126,085,961)	36,730,547	1,836,527	179,835
2029	7.00%	5.50%	5.00%	(175,986,324)	33,340,766	1,667,038	58,723
2030	7.00%	5.50%	5.00%	(225,700,884)	26,731,486	1,336,574	15,942
2031	7.00%	5.50%	5.00%	(271,515,713)	20,122,348	1,006,117	1,111
2032	7.00%	5.50%	5.00%	(313,128,083)	12,805,722	640,286	-
2033	7.00%	5.50%	5.00%	(349,434,277)	6,791,706	339,585	-
2034	7.00%	5.50%	5.00%	(381,525,158)	1,350,433	67,522	-
2035	7.00%	5.50%	5.00%	(409,749,130)	265,661	13,283	-

\* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

**Mississippi Prepaid Affordable College Tuition Program (MPACT)**  
**Projection Based on June 30, 2014 Investment Return +100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	8.00%
Geometric Average of Actual Rates of Investment Returns	8.00%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of future tuition and fees	\$ 455,454,688
Present Value of Future Contract Payments	\$ 30,340,226
June 30, 2014 Assets	\$ 327,092,089
Unfunded Liability	\$ 98,022,373
Funded Status	78.48%
Year insolvent	2025

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments (BOY)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2014	8.00%	n/a	n/a	327,092,089	27,417,204	1,370,860	6,855,851
2015	8.00%	6.50%	6.00%	329,572,666	31,959,367	1,597,968	6,184,931
2016	8.00%	6.50%	6.00%	326,376,282	36,508,678	1,825,434	5,064,715
2017	8.00%	6.50%	6.00%	316,555,436	41,536,103	2,076,805	4,300,808
2018	8.00%	6.50%	6.00%	299,422,803	47,696,295	2,384,815	3,695,948
2019	8.00%	6.50%	6.00%	273,280,653	50,030,597	2,501,530	3,092,421
2020	8.00%	6.50%	6.00%	241,748,224	50,471,862	2,523,593	2,501,096
2021	8.00%	6.50%	6.00%	206,554,174	51,175,940	2,558,797	1,961,356
2022	8.00%	6.50%	6.00%	167,163,256	53,769,260	2,688,463	1,482,349
2023	8.00%	6.50%	6.00%	121,162,913	55,573,169	2,778,658	1,155,201
2024	8.00%	6.50%	6.00%	69,083,590	48,943,477	2,447,174	853,640
2025	8.00%	6.50%	6.00%	20,030,304	46,883,718	2,344,186	678,536
2026	8.00%	6.50%	6.00%	(30,800,589)	45,735,874	2,286,794	484,197
2027	8.00%	6.50%	6.00%	(84,606,184)	43,970,340	2,198,517	319,066
2028	8.00%	6.50%	6.00%	(140,892,454)	41,757,491	2,087,875	179,835
2029	8.00%	6.50%	6.00%	(199,322,624)	38,263,268	1,913,163	58,723
2030	8.00%	6.50%	6.00%	(258,595,559)	30,969,099	1,548,455	15,942
2031	8.00%	6.50%	6.00%	(314,384,945)	23,533,090	1,176,655	1,111
2032	8.00%	6.50%	6.00%	(366,221,066)	15,119,218	755,961	-
2033	8.00%	6.50%	6.00%	(412,663,944)	8,094,993	404,750	-
2034	8.00%	6.50%	6.00%	(454,856,782)	1,625,751	81,288	-
2035	8.00%	6.50%	6.00%	(493,088,926)	323,240	16,162	-

\* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

**Mississippi Prepaid Affordable College Tuition Program (MPACT)**  
**Projection Based on June 30, 2014 Investment Return -100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns	6.00%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of future tuition and fees	\$ 524,379,285
Present Value of Future Contract Payments	\$ 32,064,144
June 30, 2014 Assets	\$ 327,092,089
Unfunded Liability	\$ 165,223,052
Funded Status	68.49%
Year insolvent	2024

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments (BOY)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2014	6.00%	n/a	n/a	327,092,089	27,624,699	1,381,235	6,855,851
2015	6.00%	6.50%	6.00%	323,238,527	32,199,026	1,609,951	6,184,931
2016	6.00%	6.50%	6.00%	313,351,350	36,784,224	1,839,211	5,064,715
2017	6.00%	6.50%	6.00%	296,580,187	41,850,874	2,092,544	4,300,808
2018	6.00%	6.50%	6.00%	272,353,832	48,060,927	2,403,046	3,695,948
2019	6.00%	6.50%	6.00%	239,120,955	50,412,419	2,520,621	3,092,421
2020	6.00%	6.50%	6.00%	200,637,156	50,853,161	2,542,658	2,501,096
2021	6.00%	6.50%	6.00%	158,726,979	51,562,112	2,578,106	1,961,356
2022	6.00%	6.50%	6.00%	112,941,005	54,165,659	2,708,283	1,482,349
2023	6.00%	6.50%	6.00%	61,002,376	55,965,770	2,798,288	1,155,201
2024	6.00%	6.50%	6.00%	3,597,130	49,321,943	2,466,097	853,640
2025	6.00%	6.50%	6.00%	(50,177,507)	47,245,795	2,362,290	678,536
2026	6.00%	6.50%	6.00%	(105,053,479)	46,089,463	2,304,473	484,197
2027	6.00%	6.50%	6.00%	(162,141,012)	44,310,315	2,215,516	319,066
2028	6.00%	6.50%	6.00%	(220,848,644)	42,080,428	2,104,021	179,835
2029	6.00%	6.50%	6.00%	(280,744,454)	38,558,755	1,927,938	58,723
2030	6.00%	6.50%	6.00%	(340,442,770)	31,207,572	1,560,379	15,942
2031	6.00%	6.50%	6.00%	(395,586,466)	23,714,042	1,185,702	1,111
2032	6.00%	6.50%	6.00%	(445,714,205)	15,233,265	761,663	-
2033	6.00%	6.50%	6.00%	(489,411,682)	8,155,482	407,774	-
2034	6.00%	6.50%	6.00%	(527,853,434)	1,636,034	81,802	-
2035	6.00%	6.50%	6.00%	(561,345,546)	324,502	16,225	-

\* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

# Mississippi Prepaid Affordable College Tuition Program (MPACT)

## Projection Based on June 30, 2014 Tuition Increases +100 Basis Points & Investment Return -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns	6.00%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of future tuition and fees	\$ 561,588,460
Present Value of Future Contract Payments	\$ 32,064,144
June 30, 2014 Assets	\$ 327,092,089
Unfunded Liability	\$ 202,432,226
Funded Status	63.95%
Year insolvent	2023

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments (BOY)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2014	6.00%	n/a	n/a	327,092,089	27,624,699	1,381,235	6,855,851
2015	6.00%	7.50%	7.00%	323,238,527	32,498,289	1,624,914	6,184,931
2016	6.00%	7.50%	7.00%	313,018,269	37,469,578	1,873,479	5,064,715
2017	6.00%	7.50%	7.00%	295,464,323	43,020,486	2,151,024	4,300,808
2018	6.00%	7.50%	7.00%	269,869,237	49,862,424	2,493,121	3,695,948
2019	6.00%	7.50%	7.00%	234,482,219	52,778,136	2,638,907	3,092,421
2020	6.00%	7.50%	7.00%	193,087,053	53,708,899	2,685,445	2,501,096
2021	6.00%	7.50%	7.00%	147,545,434	54,948,673	2,747,434	1,961,356
2022	6.00%	7.50%	7.00%	97,319,324	58,159,789	2,907,989	1,482,349
2023	6.00%	7.50%	7.00%	39,997,928	60,442,851	3,022,143	1,155,201
2024	6.00%	7.50%	7.00%	(23,650,577)	54,154,956	2,707,748	853,640
2025	6.00%	7.50%	7.00%	(84,439,220)	52,362,556	2,618,128	678,536
2026	6.00%	7.50%	7.00%	(147,065,850)	51,560,683	2,578,034	484,197
2027	6.00%	7.50%	7.00%	(212,763,592)	50,035,799	2,501,790	319,066
2028	6.00%	7.50%	7.00%	(280,881,042)	47,963,968	2,398,198	179,835
2029	6.00%	7.50%	7.00%	(350,927,176)	44,362,576	2,218,129	58,723
2030	6.00%	7.50%	7.00%	(421,296,108)	36,241,797	1,812,090	15,942
2031	6.00%	7.50%	7.00%	(486,894,096)	27,797,746	1,389,887	1,111
2032	6.00%	7.50%	7.00%	(547,045,456)	18,024,052	901,203	-
2033	6.00%	7.50%	7.00%	(599,928,953)	9,740,201	487,010	-
2034	6.00%	7.50%	7.00%	(646,765,533)	1,972,284	98,614	-
2035	6.00%	7.50%	7.00%	(687,766,617)	394,869	19,743	-

\* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

# Mississippi Prepaid Affordable College Tuition Program (MPACT)

## Projection Based on June 30, 2014 Tuition Increases -100 Basis Points & Investment Return +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	8.00%
Geometric Average of Actual Rates of Investment Returns	8.00%
Annual Cash Contribution from State or Other Outside Source	\$ -

Estimated Valuation Results	
Present Value of future tuition and fees	\$ 427,564,423
Present Value of Future Contract Payments	\$ 30,340,226
June 30, 2014 Assets	\$ 327,092,089
Unfunded Liability	\$ 70,132,108
Funded Status	83.60%
Year insolvent	2026

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments (BOY)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2014	8.00%	n/a	n/a	327,092,089	27,417,204	1,370,860	6,855,851
2015	8.00%	5.50%	5.00%	329,572,666	31,662,355	1,583,118	6,184,931
2016	8.00%	5.50%	5.00%	326,713,094	35,834,883	1,791,744	5,064,715
2017	8.00%	5.50%	5.00%	317,683,277	40,397,043	2,019,852	4,300,808
2018	8.00%	5.50%	5.00%	301,932,565	45,958,357	2,297,918	3,695,948
2019	8.00%	5.50%	5.00%	277,962,017	47,769,704	2,388,485	3,092,421
2020	8.00%	5.50%	5.00%	249,367,948	47,768,120	2,388,406	2,501,096
2021	8.00%	5.50%	5.00%	217,849,520	47,999,625	2,399,981	1,961,356
2022	8.00%	5.50%	5.00%	182,964,171	50,058,089	2,502,904	1,482,349
2023	8.00%	5.50%	5.00%	142,436,369	51,452,098	2,572,605	1,155,201
2024	8.00%	5.50%	5.00%	96,732,217	44,536,255	2,226,813	853,640
2025	8.00%	5.50%	5.00%	54,888,612	42,261,310	2,113,066	678,536
2026	8.00%	5.50%	5.00%	12,088,194	40,839,486	2,041,974	484,197
2027	8.00%	5.50%	5.00%	(32,733,795)	38,894,288	1,944,714	319,066
2028	8.00%	5.50%	5.00%	(79,114,030)	36,590,062	1,829,503	179,835
2029	8.00%	5.50%	5.00%	(126,742,062)	33,213,430	1,660,671	58,723
2030	8.00%	5.50%	5.00%	(174,482,036)	26,629,683	1,331,484	15,942
2031	8.00%	5.50%	5.00%	(218,621,442)	20,045,825	1,002,291	1,111
2032	8.00%	5.50%	5.00%	(258,841,924)	12,757,943	637,897	-
2033	8.00%	5.50%	5.00%	(294,016,785)	6,766,602	338,330	-
2034	8.00%	5.50%	5.00%	(325,211,455)	1,346,204	67,310	-
2035	8.00%	5.50%	5.00%	(352,754,967)	265,146	13,257	-

\* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

# Mississippi Prepaid Affordable College Tuition Program (MPACT)

## Projection Based on June 30, 2014 Cash Infusion Projection

Input	
Valuation	
Assumed Rate of Investment Return	7.00%
Geometric Average of Actual Rates of Investment Returns	7.00%
Annual Cash Contribution from State or Other Outside Source	\$ 12,700,000

Estimated Valuation Results	
Present Value of future tuition and fees^	\$ 350,452,152
Present Value of Future Contract Payments	\$ 31,174,690
June 30, 2014 Assets	\$ 327,092,089
Unfunded Liability	\$ (7,814,627)
Funded Status	102.23%
Year insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Junior Colleges/CC	Market Value of Assets at BOY	Projected Tuition Payments (BOY)*	Projected Administrative Expenses Plus Cash Contributions	Projected Contract Payments (BOY)
2014	7.00%	n/a	n/a	327,092,089	27,520,218	1,376,011	6,855,851
2015	7.00%	6.50%	6.00%	326,405,331	32,078,350	(11,096,082)	6,184,931
2016	7.00%	6.50%	6.00%	333,420,553	36,645,476	(10,867,726)	5,064,715
2017	7.00%	6.50%	6.00%	334,597,044	41,692,373	(10,615,381)	4,300,808
2018	7.00%	6.50%	6.00%	329,368,321	47,877,317	(10,306,134)	3,695,948
2019	7.00%	6.50%	6.00%	316,177,602	50,220,152	(10,188,992)	3,092,421
2020	7.00%	6.50%	6.00%	298,785,584	50,661,159	(10,166,942)	2,501,096
2021	7.00%	6.50%	6.00%	279,047,936	51,367,656	(10,131,617)	1,961,356
2022	7.00%	6.50%	6.00%	256,557,381	53,966,053	(10,001,697)	1,482,349
2023	7.00%	6.50%	6.00%	229,060,651	55,768,076	(9,911,596)	1,155,201
2024	7.00%	6.50%	6.00%	197,264,528	49,131,369	(10,243,432)	853,640
2025	7.00%	6.50%	6.00%	170,376,347	47,063,473	(10,346,826)	678,536
2026	7.00%	6.50%	6.00%	143,741,912	45,911,415	(10,404,429)	484,197
2027	7.00%	6.50%	6.00%	116,329,462	44,139,123	(10,493,044)	319,066
2028	7.00%	6.50%	6.00%	88,812,620	41,917,815	(10,604,109)	179,835
2029	7.00%	6.50%	6.00%	61,716,261	38,409,964	(10,779,502)	58,723
2030	7.00%	6.50%	6.00%	36,534,638	31,087,491	(11,145,625)	15,942
2031	7.00%	6.50%	6.00%	17,771,325	23,622,925	(11,518,854)	1,111
2032	7.00%	6.50%	6.00%	6,065,149	15,175,839	(11,941,208)	-
2033	7.00%	6.50%	6.00%	3,028,654	8,125,024	(12,293,749)	-
2034	7.00%	6.50%	6.00%	7,701,195	1,630,858	(12,618,457)	-
2035	7.00%	6.50%	6.00%	19,997,010	323,867	(12,683,807)	-

\* Includes estimated refund payments for contracts who are past the expected matriculation year and did not utilize credits within the past year.

^Net of additional annual cash contribution.